

16/79

THE EUROPEAN COMMUNITY AND ASEAN

From 26 to 28 February 1979, the European Commission and the Association of South-East Asian Nations will hold at Jakarta their second conference on industrial cooperation. This will be followed by a second round of exploratory talks also at Jakarta (1-2 March), on the content of a possible Cooperation Agreement between the two regional groupings.

These developments reflect the new relationship of interdependence between the nine-nation European Community and the five-country Association of South-East Asian Nations (ASEAN).

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A PROMISING NEW RELATIONSHIP OF INTERDEPENDENCE

The nine-nation European Community (comprising Belgium, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom) and the five-nation Association of South-East Asian Nations (Indonesia, Malaysia, the Philippines, Singapore and Thailand), with populations respectively of 260 million and 240 million, have formed a promising relationship auguring well for the interdependence of two important areas striving on the one hand for regional integration and on the other for a greater balance between the industrialized and developing worlds. This relationship has already been marked by a European Community/ASEAN ministerial meeting at Brussels (20-21 November 1978), the first ever ministerial meeting between the Community and any regional grouping of the Third World, and by on-going exploratory talks on the content of a possible Cooperation Agreement. While individual countries of the Community have had close historic links with some of the ASEAN countries (the Netherlands with Indonesia; the United Kingdom with Malaysia and Singapore) the new links are being forged inter-regionally between the Community and ASEAN as entities.

The European Community has welcomed the dynamic evolution of ASEAN and its role as an organization committed to economic growth, social progress and cultural development. The Community also recognizes the important political contribution which ASEAN makes as a force for stability and peace in the South-East Asian area.

ASEAN

Its origins and evolution

The Association of South-East Asian Nations (ASEAN) was established at Bangkok on 8 August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. According to the ASEAN declaration, the aims of the Association are essentially to accelerate the economic growth, social progress and cultural development of the region, to promote regional peace and stability on the basis of respect for justice and the rule of law, and to promote active cooperation and mutual assistance on matters of common interest. The idea of regional solidarity and cooperation and of self-reliance in order to ensure not only the economic and social progress and stability of the ASEAN countries but also their security from outside interference emerges clearly from the preamble to the declaration. Of all the regional bodies that have emerged in South-East Asia to date, ASEAN has had the greatest impact and has proved to be the most enduring.

During its first decade of existence ASEAN initiated regional cooperation in a wide variety of fields. However, the Bali Summit of February 1976 — the first summit meeting of heads of government in the history of ASEAN — really marked a breakthrough in the development of the Association with the signature of the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation. Politically, the Association is committed to preserving the stability of each Member State and of the region, particularly against the threat of subversion, to the peaceful settlement of intra-regional disputes and to the creation of a Zone of Peace, Freedom and Neutrality. As regards economic affairs, the Declaration of ASEAN Concord spelled out the aims of the Association: intensified cooperation in the production and preferential supply of basic commodities, particularly food and energy, the establishment of large-scale ASEAN industrial plants, the expansion of trade particularly through the establishment of preferential trading arrangements, and joint approaches not only to international commodity problems and other world economic problems but also in dealing with other regional groupings and individual economic powers, for example in seeking improved access to their markets. It was also decided to set up a permanent secretariat in Jakarta. Since the Bali Summit, there have been follow-up meetings of Economic Ministers and Foreign Ministers, as well as a second summit in Kuala Lumpur in August 1977. Five regional industrial projects have been identified — urea (Indonesia and Malaysia), phosphates (the Philippines), diesel engines (Singapore) and soda ash (Thailand), while rice and crude oil have been marked out for preferential supply in the event of shortage, and preferential trading arrangements have so far been introduced for 1 400 products. Particularly since the Kuala Lumpur Summit, the ASEAN countries have intensified contacts, including ministerial-level meetings with Japan, the United States, Canada, Australia and New Zealand to discuss trade and economic cooperation.

On the political level, the international position of ASEAN has also been strengthened since the end of the Vietnam war, witness the 1978 tour of the five ASEAN capitals by the Vietnamese Prime Minister, Mr Pham Van Dong, and the visit to Thailand, Malaysia and Singapore by the Chinese Deputy Prime Minister, Deng Xiao-ping.

Following Vietnam's intervention in Cambodia in January 1979 a special meeting of ASEAN Foreign Ministers was held at Bangkok on 12-13 January 1979, at which ASEAN strongly deplored the intervention and affirmed the right of the Cambodian people to 'determine their future by themselves free from interference or influence from outside powers in the exercise of their rights of self-determination'.

At the same time the ASEAN Foreign Ministers, expressing grave concern at the increasing influx into ASEAN countries of Indochinese refugees, called on third countries to resettle them and recalled the responsibility of the Vietnamese Government to tackle the problem at the source.

Its economic background

The five ASEAN countries have a total population of 240 million, slightly less than the European Community. This compares with just over 300 million for both the 20 countries of Latin America and the 53 countries of Africa, the Caribbean and the Pacific associated with the Community through the Lomé Convention. South-East Asia is the fastest growing region in the world. Within ASEAN itself the annual rate of growth of GDP in real terms between 1970 and 1976 varied from 6.3% to 8.9%, compared to the Community's growth rate of less than 3% (See Appendix A, Table II). In addition to its rapidly expanding domestic market, the region is exceptionally rich in natural resources. It is the principal supplier of natural rubber (80%), abaca fibres (80%), tropical hardwoods (75%), palm oil (60%) and coconut (50%), as well as being a significant producer of oil, tin, copper, sugar, coffee, tobacco and rice.

The ASEAN countries are also actively seeking to attract foreign investment not only in basic commodities but also in manufacturing, which represents a growing percentage of GNP and exports. The share of manufactured goods in total ASEAN exports to the EEC rose from a quarter in 1973 to a third in 1977.

Against this background the development of Community-ASEAN economic relations has been disappointing. Even if EEC trade with the region has been growing, the Community share of ASEAN markets has been declining, while investment by European companies has been falling behind Japanese and American — all of this in a region where Europe has historically had substantial trading and investment links.

The ASEAN share of the Community's external trade has been rising albeit slowly from 2% of total Community exports in 1922 to 2.3% in 1976 and 2.4% in 1977. ASEAN thus remains a less important market for the Community than Latin America (6.9%) or the ACP countries (5.6% of total exports in 1976), though it is still more important than the Indian sub-continent (1.3%) or even Japan (1.9%).

On the other hand, the Community's share in ASEAN's external trade has dropped from over 20% in 1960 to under 15% in 1976. Japan has become ASEAN's principal partner with over 25% of the region's external trade, followed by the United States.¹

Much the same trend can be distinguished in the investment field. Japanese investments in ASEAN have grown rapidly and at the end of 1976 were estimated to represent just over 30% of total foreign investment in the region as against about 23% for the US and about 14% for the EC. In 1976 the Community accounted for approximately 10% of new foreign investment in Indonesia, 18% in Malaysia, 11% in the Philippines, 33% in Singapore and 12% in Thailand. Japanese investment was particularly important in Indonesia, the Philippines and Thailand (see Appendix A, Table VI).

THE DEVELOPMENT OF EUROPEAN COMMUNITY/ASEAN RELATIONS

The first move to bring about closer relations between the two organizations came from the ASEAN side and was the result of fears about the effect on some of their countries' export trade of the loss of

¹ The relative share of the three main industrialized powers in ASEAN's external trade has developed as follows (in %):

	Imports		Exports	
	1960	1976	1960	1976
European Community	20.3	14.5	21.2	14.5
United States	13.3	15.3	17.5	20.3
Japan	13.8	22.9	11.4	26.0

Commonwealth preference on the United Kingdom market following British accession to the Community. In June 1972 the ASEAN countries set up a Special Coordinating Committee of ASEAN Nations (SCCAN) consisting of the Ministers of Trade, and the ASEAN Brussels Committee (ABC) composed of the ASEAN ambassadors to the Community. An ASEAN delegation under the Indonesian Trade Minister visited Brussels to establish a dialogue with the Commission which welcomed this approach. It was agreed to maintain regular contact through the ABC for the purpose of discussing trade problems and the implementation of the Community's Generalized System of Tariff Preferences, which had been singled out in the Joint Declaration of Intent as the main instrument for dealing with the trade problems arising out of enlargement.

Since 1972 a regular dialogue has been maintained between the Commission and the ASEAN countries. Sir Christopher Soames, Commission Vice-President responsible for external relations, twice visited the ASEAN region and took part in SCCAN meetings in Bangkok in September 1973 and in Jakarta in September 1974. Following the conclusion of the Community's Commercial Cooperation Agreement with India in December 1973, and the decision to offer similar agreements to the other countries of the Indian sub-continent, the Commission sounded out the ASEAN countries as to whether they were interested in concluding similar agreements with the Community. They all replied that they preferred to develop their relations with the Community on a regional basis, which meant waiting till ASEAN's institutional development made it possible to envisage a cooperation agreement between the Community and ASEAN as a group. The idea was thus deferred, but at the Jakarta meeting of the ASEAN Trade Ministers attended by Sir Christopher Soames in September 1974 it was agreed to set up a Joint Study Group (JSG) composed of representatives of the Commission and of the five ASEAN governments. The agreement was formalized by an exchange of letters in May 1975 which specified that the aim of the JSG was to develop the continuing dialogue between ASEAN and the Commission and to provide a forum for exploring all possible areas where cooperation could be broadened and intensified.

The JSG met for the first time in Brussels in June 1975, subsequently at Manila (December 1976), at Brussels (October 1977) and at Bangkok (May 1978). Its discussions have ranged from the improvement of the Community's generalized system of preferences (GSP) and international commodity problems to the transfer of technology and investment (see following sections).

Since the 1976 Bali Summit the ASEAN countries have been seeking to broaden their contacts with the Community institutions and with representatives of the Member States in particular. The result was a request for a dialogue at ambassadorial level between the ASEAN Brussels Committee on the one hand and the Committee of Permanent Representatives (COREPER) of the Community's Council of Ministers and representatives of the Commission on the other. The first such meeting took place in November 1977, and was extremely successful. The ASEAN side took the opportunity to press for a meeting at ministerial level to complement the meeting which had taken place during 1977 with the Japanese, Australian and New Zealand Prime Ministers and with ministers from the United States in 1978. There was a favourable reaction on the Community side. The idea of a joint ministerial meeting had already been put forward by the Federal German Foreign Minister, Mr Genscher, who visited the ASEAN region in spring 1977, and was taken up again by Vice-President Haferkamp when he visited the five ASEAN countries in December 1977. At the second ABC-COREPER meeting in July 1978, the first ministerial meeting was fixed for November 1978.

The first ministerial meeting of the European Community and ASEAN

The first ministerial meeting between the European Community and ASEAN was held at Brussels on 20-21 November 1978 and was attended by the Foreign Ministers of the two sides together with President Roy Jenkins and Vice-President Wilhelm Haferkamp of the Commission. Exchanging views on the principal regional and international issues in a spirit of friendliness and understanding, the Foreign Ministers reaffirmed in their final Declaration¹ their support for a new international economic order and agreed to cooperate constructively in future meetings within the North-South Dialogue, including UNCTAD V at Manila (May 1979). The Ministers also placed special emphasis on the need for commodity agreements and for the establishment of a Common Fund. They stressed their mutual interest in stimulating economic, commercial, technological development and cultural cooperation between their two regions (see following paragraphs) and expressed joint concern at the continuing problem of the Indochinese refugees which called for resettlement efforts by the international community.

¹ See Appendix B.

Above all the Ministers agreed that, with the object of placing their inter-regional relations on a more formal footing, exploratory discussions on the content of a possible cooperation agreement should be started. The first of such talks were held at Brussels on 14-15 December 1978, and the second are scheduled for 1-2 March 1979 at Jakarta.

Trade

Under the Joint Declaration of Intent attached to the Treaty of Accession, the enlarged Community undertook to seek appropriate solutions, essentially through its generalized system of preferences (GSP), to the trade problems which enlargement would cause the Commonwealth countries of Asia and other developing countries in the region. The primary goal of the Community's GSP is to aid the economic diversification, and notably the industrialization of the economies of developing countries such as ASEAN, through improving the access to Community markets for manufactured and semi-manufactured goods. Ongoing discussions between ASEAN and Commission representatives have accordingly centred on improvements to the scheme. Although the GSP is applied autonomously and hence not subject to negotiation, the Community has gone a long way to meet ASEAN preoccupations since the scheme was extended to the new Member States in 1974, particularly through additions to the list of processed agricultural produce (e.g. various crustacea, coconut oil, preserved pineapples, palm oil, pepper and spices) as well as tobacco. Further improvements benefiting ASEAN were incorporated in the Community's tropical products offer under the Tokyo Round multilateral trade negotiations (MTN) which were implemented in 1977. In order to encourage intra-regional trade within ASEAN, the Community introduced in 1974 a special régime allowing certain products to be imported under the GSP from Singapore, which has an important *entrepôt* trade accompanied by origin certificates from other ASEAN countries. As from 1975, the Community has applied the principle of cumulative origin of imports from regional groupings such as ASEAN. In order to improve knowledge of the scheme among exporters and government officials in ASEAN, the Commission regularly organizes regional seminars on the operation of the GSP. The last of these was held at Manila (11-12 January 1979). There has indeed been a substantial improvement in the ASEAN export performance under the scheme, particularly since 1977 when Community imports from ASEAN under the GSP rose by 88%. The five ASEAN countries are now, if taken together, by far the largest beneficiary of the system, accounting for over 20% of total Community imports under the GSP. They have urged the Community to make it a permanent feature of its policy. Additionally the Community operates for ASEAN exporters a number of trade promotion schemes including seminars, import/export missions and special facilities for ASEAN exhibitors at European fairs and exhibitions. At their first ministerial meeting, the two partners reviewed the special problems arising from measures recently adopted by the Community which would adversely affect some ASEAN exports. The Community stressed that such measures were of a temporary nature and must be viewed against the background of the special situation in a few sectors.

Commodities

As a major commodity producer, ASEAN is naturally concerned about the progress of negotiations in UNCTAD on the Common Fund and the Integrated Programme, and the subject was raised at the first ministerial meeting. The ASEAN countries have also shown considerable interest in the stabilization of export earning scheme (STABEX) developed by the Community in African, Caribbean and Pacific countries (ACP) under the Lomé Convention, and which they would like for their own commodity exports. At the first ministerial meeting, the Community recognized the importance of ASEAN as a major supplier of many key commodities and expressed its willingness to examine, within a global scheme involving all the industrialized countries, what possibilities there were for guaranteeing the stabilization of export earnings of developing countries, including ASEAN, as a complement to other measures. It should be borne in mind that the ASEAN countries have a more diversified economic structure than the ACP countries including a higher percentage of exports of manufactured goods.

Investment and industrial cooperation

This has been the area in which the most significant cooperation has taken place, reflecting the ASEAN preoccupation with the under-representation of European industry in the region in comparison to Japan and the United States, and the Commission's concern at the relative lack of European investment in the raw materials sector which are vital to the Community economy. The ASEAN countries have repeatedly emphasized their willingness to conclude investment protection agreements with the EEC countries where these do not already exist. In September 1977 the Commission organized a highly successful seminar in

Singapore for ASEAN businessmen and officials on the management of the transfer of technology. This was repeated at Kuala Lumpur in 1978.

The Joint Study Group has also promoted links between the Commission's Business Cooperation Centre and the ASEAN investment boards. In April 1977 the Commission organized at Brussels, with the help of a group of European banks, the first Community/ASEAN Conference on Industrial Cooperation bringing together 500 European and ASEAN senior business and government executives. This allowed ASEAN for the first time to present the investment potential of the ASEAN region as a whole to a top-level audience of European industrialists and bankers. A second major Conference on Industrial Cooperation is to be held, at Jakarta, on 26-28 February 1979 where 250 European industrialists and bankers will hold discussions with 400 ASEAN industrialists, bankers and government officials. The European bankers comprise four consortia.¹ Eight main sectors are to be covered, including the chemical, electrical, machinery/metal engineering industries; the industrial processing of agricultural products; timber and timber-based industries; precision engineering; transport and communication equipment manufacturing, and export crop plantation.

At their first ministerial meeting, the Community and ASEAN agreed, moreover, to seek to extend the coverage by investment protection arrangements between the Member States of both regions.

Development cooperation

At the Paris Summit in October 1972, the Heads of Government of the enlarged Community agreed to implement progressively a global policy of development cooperation to complement the existing links with the associated countries in Africa, the Caribbean and Pacific and in the Mediterranean area. In addition to its system of generalized tariff preferences the Community has developed a certain number of practical instruments for cooperation with non-associated developing countries. Funds for technical assistance to regional integration between developing countries have been used to study the harmonization of ASEAN trade statistics and to finance visits by senior ASEAN officials to study the functioning of the Community. The fund for export promotion has been used by the Commission to finance participation by the ASEAN countries in numerous trade missions, trade fairs and exhibitions in Europe as well as European buying missions to ASEAN. The Commission has also provided expert assistance on a number of marketing problems and published a basic trade information guide to the ASEAN countries. Under another budget heading the Commission has financed a training course for the managers of small and medium-sized enterprises and a training programme for upgrading the skills of technicians from the ASEAN countries. Moreover, in addition to food aid for Indonesia, the Philippines and Thailand, the Commission has been able since 1976 to finance rural development projects in Indonesia, the Philippines and Thailand from resources available under the Community's programme of financial and technical assistance to the non-associated developing countries. Finally the Community has also undertaken to finance feasibility studies for an ASEAN Post-harvest Grain Research and Training Programme and an ASEAN Timber Industry Research, Development and Training Centre.

Technical assistance, education, science and culture

The first ministerial meeting also gave a large boost to increasing the transfer of technology from the Community to ASEAN, through current and future programmes of seminars on this theme and through the expansion of the training and educational assistance programmes for technicians and industrial workers from ASEAN countries.

As a result of the meeting, the two sides will prepare a joint study of the possibilities of establishing cooperation in science and technology. The Community and its Member States confirmed their intention to encourage their scientific institutions to open their doors to ASEAN scientists.

In the cultural field, some of the Community Member States, together with the Commission, promised more scholarships for ASEAN students.

Towards a Cooperation Agreement

With a view to institutionalizing the growing partnership between the European Community and ASEAN, and with the political impetus provided by their first ministerial meeting (20-21 November 1978), a first

¹ ABECOR, EBIC, Europartners and Inter-Alpha.

round of exploratory talks on the content of a possible Cooperation Agreement was held in Brussels on 14-15 December 1978 between senior officials of both sides.

A second round of these exploratory talks will be held on 1-2 March 1979 at Jakarta, following the second Conference on Industrial Cooperation, and is expected to prepare the way for the formal opening of negotiations which the Commission hopes will lead to the conclusion of a Cooperation Agreement before the end of the year.

Also later in 1979 the Commission will open, at Bangkok, its first permanent Delegation for South-East Asia.

APPENDIX A

STATISTICAL TABLES

Table I

Comparison with certain other developing countries and with the Community

	ASEAN (5 countries)	ACP (54 countries)	Latin America (20 countries)	EC
Population 1976 (Mio)	241	311	315	258
Area (1000 km ²)	3 051.5	20 455	20 028	1 528
GNP <i>per capita</i> (USD) 1976	356	290	1 131	5 380
Imports 1976 (USD Mio)	26 163	30 185	45 089	949 710
Exports 1976 (USD Mio)	25 961	29 766	41 247	988 770
Percentage of EEC exports (1976)	2.3	6.9	5.6	
Percentage of EEC imports (1976)	2.1	6.4	5.9	

Table II

Comparison of average annual growth rates of GDP 1970-76 (*in real terms*)

Indonesia	8.3 %	Belgium/Luxembourg	4.0 %
Malaysia	7.8 %	Denmark	2.2 %
Philippines	6.3 %	Germany	2.2 %
Singapore	8.9 %	France	3.9 %
Thailand	6.5 %	Ireland	2.8 %
		Italy	2.9 %
		Netherlands	3.4 %
		UK	2.3 %

Table III
ASEAN's trading patterns 1976

(USD Mio.)

	Exports	%	Imports	%
World	25 961		26 163	
of which				
USA	5 453	21	4 024	15.4
Japan	6 742	26	6 003	23
EEC	3 773	14.5	3 804	14.5
USSR	310	1.2	59	0.2
China	189	0.7	647	2.5
Australia	561	2.2	908	3.5
ASEAN	3 779	14.6	3 306	12.6

Table IV
Evolution of Community trade with ASEAN – 1973-78

(Mio EUA)

	1973	1974	1975	1976	1977	1978 ¹
EC imports	1 777	2 319	2 200	3 355	4 130	3 883
EC exports	1 656	2 727	2 634	3 282	3 845	3 521
Trade balance	- 121	+ 408	+ 434	- 73	- 285	- 362

¹ Eleven months provisional.

Table V
Main Community imports from ASEAN 1977

('000 EUA)

	Value	% of total imports
Natural rubber	490 012	11.9
Manioc and other roots	378 045	9.1
Machinery and transport equipment	370 000	9.0
Sawn timber	343 448	8.3
Textiles and clothing	312 000	7.6
Tin	291 278	7.0
Palm oil	249 417	6.0
Coffee	184 400	4.5
Animal feedingstuffs	157 158	3.8
Copra	149 680	3.6
Oil and petroleum products	112 000	2.7
Plywood	84 143	2.0
Tobacco	81 730	2.0
	3 203 311	77.5

Table VI
Pattern of foreign investment in ASEAN

(%)

	Indonesia ¹	Malaysia ²	Philippines ³	Singapore ⁴	Thailand ⁵
EEC	10.2	18.0	10.7	32.9	11.7
USA	17.5	12.2	33.6	32.9	33.6
Japan	39.9	16.1	25.8	14.3	23.2
Australia	3.5	2.8	4.7	4.1	—
Hong Kong	10.5	10.0	0.8	5.3	10.8
Singapore	2.6	30.6	0.2	—	12.1
Canada	1.5	2.1	2.3	2.0	—
Others	14.3	9.2	21.9	8.5	8.6

¹ Approved projects in 1976.

² Investment in pioneer companies 1976.

³ Approved projects in 1976.

⁴ Investment in manufacturing industries 1976.

⁵ Direct investment 1970-76.

APPENDIX B

FINAL DECLARATION OF THE FIRST INTER-REGIONAL MINISTERIAL MEETING

A meeting at ministerial level between the European Communities and their Member States and the Association of South-East Asian Nations was held in Brussels on 20 – 21 November 1978.

Those participating in the meeting were:

On the ASEAN side:

- His Excellency Mr Mochtar Kusumaatmadja
Minister for Foreign Affairs of Indonesia
- His Excellency Tengku Ahmad Rithauddeen
Minister for Foreign Affairs of Malaysia
- His Excellency General Carlos P. Romulo
Minister for Foreign Affairs of the Philippines
- His Excellency Mr S. Rajaratnam
Minister for Foreign Affairs of Singapore and
- His Excellency Dr Upadit Pachariyangkun
Minister for Foreign Affairs of Thailand

On the European side:

- His Excellency Mr Hans-Dietrich Genscher
Minister for Foreign Affairs of the Federal Republic
of Germany and President of the Council
- His Excellency Mr H. Simonet
Minister for Foreign Affairs of Belgium
- His Excellency Mr Henning Christophersen
Minister for Foreign Affairs of Denmark

His Excellency Dr Otto Graf Lambsdorff
Minister for Economic Affairs of the Federal Republic of Germany

His Excellency Dr Klaus von Dohnanyi
Minister of State of the Federal Republic of Germany

His Excellency Mr Louis de Guiringaud
Minister for Foreign Affairs of France

His Excellency Mr M. O'Kennedy
Minister for Foreign Affairs of Ireland

His Excellency Mr Angelo Sanza
Under-Secretary of State for Foreign Affairs of Italy

His Excellency Mr Gaston Thorn
Prime Minister and Minister for Foreign Affairs of Luxembourg

His Excellency Dr C.A. Van der Klaauw
Minister for Foreign Affairs of the Netherlands

His Excellency The Rt. Hon. Dr David Owen
Secretary of State for Foreign and Commonwealth Affairs

His Excellency Mr Roy Jenkins
President of the Commission of the European Communities

His Excellency Mr Wilhelm Haferkamp
Vice-President of the Commission of the European Communities

His Excellency Mr Mochtar Kusumaatmadja acted as spokesman for ASEAN.

His Excellency Mr Hans-Dietrich Genscher and His Excellency Mr Roy Jenkins acted as spokesmen for the European Communities and their Member States.

His Excellency Datuk Ali Bin Abdullah, the Secretary-General of the ASEAN Secretariat, was present.

The ASEAN Foreign Ministers and the Foreign Ministers of the Member States of the European Community exchanged views on current regional and international issues and developments. They reaffirmed their commitment to world peace, international cooperation and understanding, economic development and social justice. The discussions took place in a spirit of friendliness and understanding.

The Foreign Ministers of the Member States of the European Community welcomed the favourable development of ASEAN as a regional organization committed to economic growth, social progress and cultural development. They recognized ASEAN as a factor of stability and balance which contributes to the maintenance of peace in South-East Asia.

The Foreign Ministers of the Member States of the European Community reaffirmed their support for ASEAN's efforts to achieve self-reliance, progress and stability on the basis of economic, social and cultural cooperation.

The Foreign Ministers of the member states of ASEAN recognized the work of European integration and the role played by the Europe of the Nine as a factor of economic and political stability and as an element of balance in international relations. They welcomed the outward-looking character of this integration exemplified by the desire of the member states to cooperate with ASEAN.

The Foreign Ministers of the Member States of the European Community and ASEAN underlined the importance which they attach to the pursuance and development of relations and reaffirmed their common will to broaden the scope of their cooperation on the basis of equality, respect and mutual benefit. They also agreed that this cooperation should serve their people by promoting greater prosperity, social justice and human rights.

The Foreign Ministers of the Member States of the European Community expressed their support for ASEAN's efforts to establish cooperation and peaceful relations among all countries of South-East Asia. They also welcomed the endeavours of the member states of ASEAN to develop their relations beyond the South-East Asian region.

The Foreign Ministers of ASEAN and of the Member States of the European Community viewed with serious concern the unabated flow of Indochinese refugees to the ASEAN countries. Conscious of the international implications of the problem as well as its humanitarian aspects, the Foreign Ministers of the member states of ASEAN and the European Community which have already taken steps to resolve this problem held the view that international efforts for the expeditious resettlement of the refugees require further international consideration and deserve wider support.

The Foreign Ministers of the Member States of the European Community and ASEAN expressed their desire to promote, by appropriate measures, mutual understanding between the peoples of ASEAN and the European Community in the context of their concern to bring them closer to one another.

The Community welcomed the positive steps taken by ASEAN towards strengthening regional cooperation. The Community expressed its readiness to assist ASEAN regional cooperation programmes and to participate with ASEAN in regional development cooperation.

International relations

ASEAN and the Community reaffirmed their determined support for international action leading to a new international economic order. They underlined the importance of achieving solutions to the outstanding problems and agreed to cooperate constructively in the coming international meetings on the outstanding issues in the North-South Dialogue, including UNCTAD V in Manila in May 1979.

They agreed on the need to arrive urgently at decisions to implement agreements reached during the Conference on International Economic Cooperation in May 1977 in particular in so far as commodity policy was concerned. The Ministers placed particular emphasis on the Integrated Programme for Commodities (IPC) and the early establishment of a Common Fund. They also agreed to cooperate closely in efforts to establish appropriate individual commodity agreements or arrangements.

ASEAN and the Community agreed on the necessity to maintain free-trade conditions in order to promote a recovery in the world economy through expanding international trade. They confirmed their readiness to cooperate constructively to achieve satisfactory results in the MTN negotiations. The Community expressed its awareness of the special needs of the developing countries and particularly of ASEAN and reaffirmed its intention to seek provisions which would satisfy these needs.

Regional integration and cooperation

ASEAN and the Community explained and assessed current developments in their respective regions. The Community emphasized moves to bring about a European Monetary System, the importance of the direct elections to the European Parliament in June 1979, and the progress of negotiations on the enlargement of the Community. ASEAN pointed out that they had recently made significant progress in their regional cooperation. The Community indicated its willingness to offer all possible assistance in this respect.

Economic relations

ASEAN and the Community affirmed their mutual interest in and their firm intention of stimulating economic cooperation between the two regions.

Trade

ASEAN expressed its concern over measures which had been or might be adopted by the Community and which would have the effect of inhibiting exports of particular importance to ASEAN. Referring to the significant growth in the ASEAN-Community mutual trade, the Community emphasized that recent measures are of a temporary nature and must be viewed against the background of the special situation in a few sectors.

Both sides agreed that, in so far as was possible, and as was at present the case, they would seek each other's views where measures were being considered which could have an adverse effect on trade between the two regions.

ASEAN expressed its need for improved access to the Community's market for ASEAN's manufactured, semi-manufactured and primary product exports and the Community took note of ASEAN's requests.

ASEAN urged that, in order to facilitate ASEAN's efforts to increase exports to the Community, the Community should remove or relax tariff and non-tariff barriers to trade and should also consider tariff reclassification and the streamlining of administrative procedures. ASEAN furthermore emphasized the importance of the Community's GSP to the economic development of the ASEAN member countries and urged the Community to further improve its GSP and to make it a permanent feature of its policy.

In respect of tariff matters, the Community reaffirmed the viewpoint it had made clear during the MTN negotiations, that it was seeking to bring about in all sectors a differentiated and more favourable treatment for developing countries such as ASEAN. In view of the value placed by ASEAN on the Community's generalized scheme of preferences for its economic development, the Community reconfirmed its already stated intention to extend such a scheme beyond the initial decade foreseen at its establishment, and undertook to consider favourably to the fullest possible extent requests for improvements which would be of importance to the economic development of the countries of ASEAN.

ASEAN expressed its appreciation for the assistance given by the Community in the past in the field of trade promotion. Both sides agreed that this was an important area of activity which needed to be expanded in order to assist the creation of additional trade between the two regions. The Community agreed that so far as possible ASEAN would be treated as a group in the context of the programmes initiated by the Commission of the European Communities.

Commodities

The Community recognized the importance of ASEAN as a major supplier of many key commodities and expressed its willingness to examine, within a global context, what possibilities there were for guaranteeing the stabilization of

the export earnings of the developing countries, including ASEAN, as a complement to other measures. Both sides undertook to consider favourably the possibility of promoting long-term arrangements among economic operators of the two regions for the supply of commodities.

Investments

Bearing in mind the potentials of the ASEAN region and noting the important role of foreign investment in the development of the ASEAN economies and in accelerating and diversifying their industrial capacities, the Ministers agreed on the mutual interest of the Community and ASEAN in encouraging European investments in the ASEAN countries. In this connection, the Ministers agreed on the importance of investments by Community private sectors in industries including, among others, those which are labour intensive, those which rely on ASEAN's raw materials and those which would raise the technological capabilities of the ASEAN member countries.

The Community confirmed its preparedness to continue sponsoring arrangements to establish contacts between economic operators in ASEAN and the Community. Both sides noted the success of the Community-ASEAN Conference on Industrial Cooperation held in Brussels in April 1977. They noted with approval that a second Conference will be held in Jakarta from 26 to 28 February 1979.

In the same context, it was agreed to promote the establishment of an ASEAN-Community trade and investment forum for relevant business organizations in the two regions. In addition, ASEAN would continue to take measures to promote private investment from the Community. ASEAN urged the continuation and intensification of the cooperation between the Commission and the ASEAN countries in the field of the promotion of joint venture collaboration and sub-contracting activities.

The ministers expressed the view that it was desirable to further encourage such investments from the Community. The already favourable investment climate in the ASEAN countries would be improved by extending investment protection arrangements to all nine Member States of the Community and all five ASEAN countries. It was agreed to seek to implement this at an early date.

Transfer of technology, training programmes and scientific cooperation

The ministers agreed on the importance, for the industrialization plans of the member countries of ASEAN, of increased transfer of technology from the Community to ASEAN. The Community undertook to intensify cooperation with ASEAN in this respect, including a continuation of the current programme of seminars on the subject of transfer of technology and an expansion of the training and educational assistance programmes for technicians and industrial workers from the ASEAN countries.

The meeting agreed on the particular importance of scientific cooperation between the two regions. In this context, it was agreed to make a joint study of the possibilities of establishing cooperation in science and technology between relevant institutions of ASEAN and the Community. The Community and its Member States confirmed their intention to encourage their scientific institutions to receive a number of ASEAN scientists both for advanced education and for research.

Development cooperation

ASEAN welcomed the extension of the Community's financial and technical assistance programmes in favour of the non-associated developing countries to cover also regional projects supplementary to the Community assistance to development projects in individual ASEAN member countries. The Community undertook to pay increased attention to ASEAN regional projects in future programmes.

ASEAN welcomed, as a first step in this direction, the Community's decision to finance feasibility studies for an ASEAN Post-harvest Grain Research and Training Programme and an ASEAN Timber Industry Research, Development and Training Centre. ASEAN indicated its intention to create a suitable mechanism for facilitating the development of such projects.

The Community stated that it would seek a coordination of the development cooperation activities of the Community and its Member States in the ASEAN region especially in relation to ASEAN regional projects.

The Community acknowledged the economic and political importance of ASEAN projects in industrial and other sectors and confirmed its willingness to encourage the financing of such projects from financial sources within the Community and in particular from the European commercial banking sector.

The Community announced that the members of the grouping of public development financial corporations of the Member States of the Community which are able to operate in the ASEAN region had agreed to examine with the Commission and ASEAN ways and means for an involvement in ASEAN regional projects.

Cultural cooperation

ASEAN and the Community agreed to enhance cooperation in the cultural field which would include cooperation in education and information. Some Member States and the Commission of the European Communities promised to award more scholarships according to their capacities and to coordinate these in consultation with ASEAN.

Framework of cooperation

The Community recognized that ASEAN is a developing region and agreed that cooperation between ASEAN and the Community should be expanded in such a manner as to contribute to ASEAN's efforts in enhancing its self-reliance and economic resilience. The two sides noted that the work of the ASEAN-Commission Joint Study Group had strengthened relations between the two regional groupings. In this context, they noted the study on long-term cooperation between ASEAN and the Community which is currently in progress.

It was further noted that the establishment of a dialogue at ambassadorial level between the Permanent Representatives of the Member States to the European Communities and the Commission of the European Communities and the ASEAN ambassadors to the Communities had led to an intensification of Community-ASEAN cooperation.

The Community stated that the Commission would open a delegation in Bangkok in the course of 1979. ASEAN welcomed this decision.

Against this background and that of the already prevailing economic cooperation between ASEAN and the Community, and in the light of the discussions which had taken place during the meeting, ASEAN and the Community agreed that it would be desirable to place the relations between the two groupings on a more formal footing and, to this end, it was agreed that exploratory discussions on the content of a possible cooperation agreement should shortly be started between the two sides.

The Ministers agreed that this ASEAN-Community ministerial meeting ushered in a new era in the relations between ASEAN and the Community and that it had been very useful and beneficial to both sides.

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